

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



December 6, 2010

Mr. Tony Williams
Superintendent
Industrial Independent School District
P. O. Box 369
Vanderbilt, Texas 77991

Dear Superintendent Williams:

On December 3, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Industrial Independent School District (Industrial ISD) by Inteplast Group, Ltd. (Inteplast Group) in September, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Inteplast Group's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Industrial ISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$130,000,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Inteplast Group is proposing the construction of a manufacturing facility in Jackson County. Inteplast Group is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Inteplast Group, the Comptroller's recommendation is that Inteplast Group's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Mr. Tony Williams
December 6, 2010
Page Two

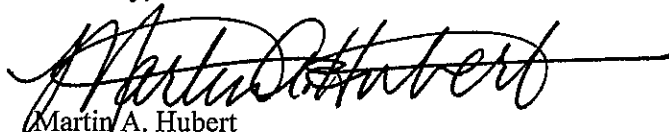
The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Inteplast Group, Ltd.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Industrial ISD
2008-09 Enrollment in School District	1,096
County	Jackson
Total Investment in District	\$130,820,000
Qualified Investment	\$79,714,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	103
Number of qualifying jobs committed to by applicant	82
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$883
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$873
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,931
Investment per Qualifying Job	\$1,595,366
Estimated 15 year M&O levy without any limit or credit:	\$9,201,685
Estimated gross 15 year M&O tax benefit	\$4,063,326
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$4,020,605
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$473,074
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$5,181,080
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	43.7%
Percentage of tax benefit due to the limitation	88.4%
Percentage of tax benefit due to the credit.	11.6%

This presents the Comptroller's economic impact evaluation of the Inteplast Group BOPP Plant (the project) applying to Industrial Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 103 new jobs when fully operational. 82 of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Golden Crescent Regional Planning Commission Region, where Jackson County is located was \$41,273 in 2009. The annual average manufacturing wage for 2009 for Jackson County was \$37,947. That same year, the county annual average wage for all industries was \$33,241. In addition to a salary of \$45,931, each qualifying position will receive benefits such as medical and dental plans, basic life insurance, accidental death & dismemberment insurance, optional supplementary employee and dependent life insurance, optional supplementary accidental death & dismemberment insurance, flexible spending accounts, employee shuttle service, a defined contribution pension plan, and a 401(k) with employer matching contributions. The project's total investment is \$131 million, resulting in a relative level of investment per qualifying job of \$1.6 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Inteplast Group's application, "Fortunately, because of the wide range of our customer locations, we are in a position to search for the most business savvy site for our new BOPP plant. To date we have received incentive offerings from Virginia and Pennsylvania at \$8.9 million and \$10 million respectively, should we commit to building our new BOPP plant there. We currently have one of our largest existing facilities in Lolita, Texas, and the ease of creating an expansion over building a new facility helps keep Lolita in the running as a favorable location."

Number of new facilities in region [313.026(12)]

During the past two years, no projects in the Golden Crescent Regional Planning Commission Region have applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Inteplast Group project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts the Inteplast Group BOPP Plant's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Inteplast Group

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2010	2	5	7	\$120,000	\$310,000	\$430,000
2011	440	661	1101	\$26,132,910	\$48,207,090	\$74,340,000
2012	139	235	374	\$7,146,998	\$22,763,002	\$29,910,000
2013	294	445	739	\$16,179,908	\$41,930,092	\$58,110,000
2014	160	256	416	\$7,801,594	\$30,158,406	\$37,960,000
2015	107	170	277	\$4,585,982	\$23,974,018	\$28,560,000
2016	107	157	264	\$4,585,982	\$23,854,018	\$28,440,000
2017	107	150	257	\$4,585,982	\$23,734,018	\$28,320,000
2018	107	152	259	\$4,585,982	\$24,584,018	\$29,170,000
2019	103	146	249	\$4,345,982	\$25,194,018	\$29,540,000
2020	103	148	251	\$4,345,982	\$25,924,018	\$30,270,000
2021	103	152	255	\$4,345,982	\$27,634,018	\$31,980,000
2022	103	156	259	\$4,345,982	\$29,344,018	\$33,690,000
2023	103	162	265	\$4,345,982	\$30,934,018	\$35,280,000
2024	103	162	265	\$4,345,982	\$33,004,018	\$37,350,000
2025	103	169	272	\$4,345,982	\$35,444,018	\$39,790,000

Source: CPA, REMI, Inteplast Group, Ltd.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2009. Industrial ISD's ad valorem tax base in 2009 was \$0.52 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Industrial ISD's estimated wealth per WADA was \$408,720. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Jackson County, the Jackson County Hospital District, the Jackson County Flood Control District, and the Jackson County Emergency Services District, with all property tax incentives sought being granted using estimated market value from Inteplast Group's application. Inteplast Group has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, hospital district, flood district, and emergency services district. Table 3 illustrates the estimated tax impact of the Inteplast Group project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Industrial ISD I&S Levy	Industrial ISD M&O Levy	Industrial ISD M&O and I&S Tax Levies (Before Credit Credited)	Industrial ISD M&O and I&S Tax Levies (After Credit Credited)	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Flood District Tax Levy	Jackson County Emergency Services District Tax Levy	Estimated Total Property Taxes
				0.3370	1.0400			0.5402	0.1835	0.0896	0.0300	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$75,487,880	\$75,487,880		\$254,394	\$785,074	\$1,039,468	\$1,039,468	\$0	\$0	\$0	\$0	\$1,039,468
2013	\$86,086,169	\$30,000,000		\$290,110	\$312,000	\$602,110	\$602,110	\$93,007	\$31,594	\$15,427	\$5,165	\$742,138
2014	\$83,420,190	\$30,000,000		\$281,126	\$312,000	\$593,126	\$525,544	\$112,659	\$38,269	\$18,686	\$6,257	\$695,158
2015	\$78,245,398	\$30,000,000		\$263,687	\$312,000	\$575,687	\$508,105	\$169,073	\$57,432	\$28,043	\$9,389	\$762,653
2016	\$72,424,655	\$30,000,000		\$244,071	\$312,000	\$556,071	\$488,489	\$156,495	\$53,160	\$25,957	\$8,691	\$724,101
2017	\$70,996,402	\$30,000,000		\$239,258	\$312,000	\$551,258	\$483,676	\$191,761	\$65,139	\$31,806	\$10,649	\$772,383
2018	\$69,289,435	\$30,000,000		\$233,505	\$312,000	\$545,505	\$477,923	\$374,302	\$127,146	\$62,083	\$20,787	\$1,041,454
2019	\$64,898,031	\$30,000,000		\$218,706	\$312,000	\$530,706	\$463,124	\$350,579	\$119,088	\$58,149	\$19,469	\$990,940
2020	\$59,856,299	\$30,000,000		\$201,716	\$312,000	\$513,716	\$446,134	\$323,344	\$109,836	\$53,631	\$17,957	\$932,945
2021	\$54,416,095	\$54,416,095		\$183,382	\$565,927	\$749,310	\$749,310	\$293,956	\$99,854	\$48,757	\$16,325	\$1,191,876
2022	\$49,827,074	\$49,827,074		\$167,917	\$518,202	\$686,119	\$686,119	\$269,166	\$91,433	\$44,645	\$14,948	\$1,091,362
2023	\$44,590,347	\$44,590,347		\$150,269	\$463,740	\$614,009	\$614,009	\$240,877	\$81,823	\$39,953	\$13,377	\$976,662
2024	\$39,533,013	\$39,533,013		\$133,226	\$411,143	\$544,370	\$544,370	\$213,557	\$72,543	\$35,422	\$11,860	\$865,892
2025	\$35,660,373	\$35,660,373		\$120,175	\$370,868	\$491,043	\$491,043	\$192,637	\$65,437	\$31,952	\$10,698	\$781,069
						Total	\$8,119,424	\$2,981,413	\$1,012,753	\$494,511	\$165,573	\$12,608,102

Assumes School Value Limitation and Tax Abatements

Source: CPA, Inteplast Group, Ltd.

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Industrial ISD I&S Levy	Industrial ISD M&O Levy		Industrial ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Flood District Tax Levy	Jackson County Emergency Services District Tax Levy	Estimated Total Property Taxes
Year			Tax Rate ¹	0.3370	1.0400			0.5402	0.1835	0.0896	0.0300	
2010	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2012	\$75,487,880	\$75,487,880		\$254,394	\$785,074		\$1,039,468	\$407,786	\$138,520	\$67,637	\$22,646	\$1,653,411
2013	\$86,086,169	\$86,086,169		\$290,110	\$895,296		\$1,185,407	\$465,037	\$157,968	\$77,133	\$25,826	\$1,885,545
2014	\$83,420,190	\$83,420,190		\$281,126	\$867,570		\$1,148,696	\$450,636	\$153,076	\$74,744	\$25,026	\$1,827,152
2015	\$78,245,398	\$78,245,398		\$263,687	\$813,752		\$1,077,439	\$422,682	\$143,580	\$70,108	\$23,474	\$1,713,809
2016	\$72,424,655	\$72,424,655		\$244,071	\$753,216		\$997,287	\$391,238	\$132,899	\$64,892	\$21,727	\$1,586,317
2017	\$70,996,402	\$70,996,402		\$239,258	\$738,363		\$977,620	\$383,523	\$130,278	\$63,613	\$21,299	\$1,555,034
2018	\$69,289,435	\$69,289,435		\$233,505	\$720,610		\$954,116	\$374,302	\$127,146	\$62,083	\$20,787	\$1,517,646
2019	\$64,898,031	\$64,898,031		\$218,706	\$674,940		\$893,646	\$350,579	\$119,088	\$58,149	\$19,469	\$1,421,462
2020	\$59,856,299	\$59,856,299		\$201,716	\$622,506		\$824,221	\$323,344	\$109,836	\$53,631	\$17,957	\$1,311,033
2021	\$54,416,095	\$54,416,095		\$183,382	\$565,927		\$749,310	\$293,956	\$99,854	\$48,757	\$16,325	\$1,191,876
2022	\$49,827,074	\$49,827,074		\$167,917	\$518,202		\$686,119	\$269,166	\$91,433	\$44,645	\$14,948	\$1,091,362
2023	\$44,590,347	\$44,590,347		\$150,269	\$463,740		\$614,009	\$240,877	\$81,823	\$39,953	\$13,377	\$976,662
2024	\$39,533,013	\$39,533,013		\$133,226	\$411,143		\$544,370	\$213,557	\$72,543	\$35,422	\$11,860	\$865,892
2025	\$35,660,373	\$35,660,373		\$120,175	\$370,868	\$491,043	\$192,637	\$65,437	\$31,952	\$10,698	\$781,069	
						Total	\$12,182,751	\$4,779,319	\$1,623,482	\$792,719	\$265,419	\$19,378,271

Source: CPA, Inteplast Group, Ltd.

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$9,201,685. The estimated gross 15 year M&O tax benefit, or levy loss, is \$4,063,326.

Attachment 3 is an economic overview of Jackson County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

NOTE: Schedules A and C were received as a supplemental revision to the original application on November 30, 2010.

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name
Inteplast Group, Ltd.
LSD Name
Industrial ISD

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2010 - 2011	2010	428,000				428,000	0
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)								
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)								
	Complete tax years of qualifying time period								
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	1	2011 - 2012	39,459,000	27,034,000	66,493,000		66,493,000	
		2	2012 - 2013	12,793,000		12,793,000		12,793,000	
		3	2013 - 2014	37,634,000				37,634,000	
		4	2014 - 2015	10,522,000				10,522,000	
		5	2015 - 2016	705,000				705,000	
		6	2016 - 2017	726,000				726,000	
		7	2017 - 2018	748,000				748,000	
		8	2018 - 2019	771,000				771,000	
		9	2019 - 2020					0	
		10	2020 - 2021					0	
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2021 - 2022					0	
		12	2022 - 2023					0	
		13	2023 - 2024					0	
	Post-Settle-Up Period	14	2024 - 2025					0	
		15	2025 - 2026					0	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

Column A:
For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Column B:
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column C:
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.
Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility.
The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column D:
Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.
This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Column E:
This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Inteplast Group, Ltd.

Applicant Name
 ISD Name

Industrial ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for ISD - after all reductions	Final taxable value for M&O - after all reductions
	pre-year 1	2010 - 2011	2010						
Tax Credit Period (with 50% cap on credit)	1	2011 - 2012	2011		0	0	0	0	0
	2	2012 - 2013	2012		20,267,390	55,220,490	0	75,487,880	75,487,880
	3	2013 - 2014	2013		18,543,032	67,543,137	0	86,086,169	30,000,000
	4	2014 - 2015	2014		17,503,470	65,916,720	0	83,420,190	30,000,000
	5	2015 - 2016	2015		16,907,091	61,338,308	0	78,245,398	30,000,000
	6	2016 - 2017	2016		15,807,663	56,616,993	0	72,424,655	30,000,000
	7	2017 - 2018	2017		16,262,894	54,733,508	0	70,996,402	30,000,000
	8	2018 - 2019	2018		16,887,503	52,401,932	0	69,289,435	30,000,000
	9	2019 - 2020	2019		16,555,628	48,342,403	0	64,898,031	30,000,000
	10	2020 - 2021	2020		16,214,216	43,642,083	0	59,856,299	30,000,000
	11	2021 - 2022	2021		15,428,058	38,988,037	0	54,416,095	54,416,095
	12	2022 - 2023	2022		15,374,097	34,452,976	0	49,827,074	49,827,074
	13	2023 - 2024	2023		14,822,980	29,747,367	0	44,570,347	44,570,347
	14	2024 - 2025	2024		14,277,999	25,321,014	0	39,599,013	39,599,013
	15	2025 - 2026	2025		13,618,316	22,042,056	0	35,660,373	35,660,373

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Inteplast B. Chen

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

9/16/10

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Interplast Group, Ltd.
Industrial ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify) (ⁿ)	Column B: Average annual wage rates for construction workers (ⁿ)	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2010 - 2011	2010	2	60,000				
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1 2011 - 2012	2011	425	60,000	15	42,194	12	45,931
		2 2012 - 2013	2012	72	60,000	67	42,194	54	45,931
		3 2013 - 2014	2013	212	60,000	82	42,194	66	45,931
		4 2014 - 2015	2014	59	60,000	101	42,194	81	45,931
		5 2015 - 2016	2015	4	60,000	103	42,194	82	45,931
		6 2016 - 2017	2016	4	60,000	103	42,194	82	45,931
		7 2017 - 2018	2017	4	60,000	103	42,194	82	45,931
		8 2018 - 2019	2018	4	60,000	103	42,194	82	45,931
		9 2019 - 2020	2019			103	42,194	82	45,931
		10 2020 - 2021	2020			103	42,194	82	45,931
		11 2021 - 2022	2021			103	42,194	82	45,931
		12 2022 - 2023	2022			103	42,194	82	45,931
		13 2023 - 2024	2023			103	42,194	82	45,931
	Continue to Maintain Viable Presence	14 2024 - 2025	2024			103	42,194	82	45,931
	Post-Settle-Up Period	15 2025 - 2026	2025			103	42,194	82	45,931
				TOTAL		103	42,194	82	45,931

ⁿ) Construction FTE and annual wage data from an Economic Impact Study dated 07/26/2010, prepared by ImpactDataSource

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name Intoplast Group, Ltd.				ISD Name Franchise Tax		Industrial ISD Other Property Tax Abatements Sought				Form 50-296
				Sales Tax Information						
	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Franchise Tax	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2010 - 2011	2010	107,000	321,000					
	1	2011 - 2012	2011	16,623,250	49,869,750		100%	n/a	100%	100%
	2	2012 - 2013	2012	3,198,250	9,594,750		100%	n/a	100%	100%
	3	2013 - 2014	2013	10,408,500	42,225,500	6,868	80%	n/a	80%	80%
	4	2014 - 2015	2014	3,660,500	22,311,500	6,868	75%	n/a	75%	75%
	5	2015 - 2016	2015	1,237,150	15,381,350	6,868	60%	n/a	60%	60%
	6	2016 - 2017	2016	1,274,227	15,842,678	6,868	60%	n/a	60%	60%
	7	2017 - 2018	2017	1,312,509	16,318,123	6,868	50%	n/a	50%	50%
	8	2018 - 2019	2018	1,352,024	16,809,087	6,868	0%	n/a	0%	0%
	9	2019 - 2020	2019	1,194,052	16,716,732	6,868	0%	n/a	0%	0%
	10	2020 - 2021	2020	1,229,874	17,218,234	6,868	0%	n/a	0%	0%
	11	2021 - 2022	2021	1,266,770	17,734,781	6,868	0%	n/a	0%	0%
	12	2022 - 2023	2022	1,304,773	18,266,825	6,868	0%	n/a	0%	0%
	13	2023 - 2024	2023	1,343,916	18,814,829	6,868	0%	n/a	0%	0%
	14	2024 - 2025	2024	1,384,234	19,379,274	6,868	0%	n/a	0%	0%
	15	2025 - 2026	2025	1,425,761	19,960,652	6,868	0%	n/a	0%	0%

*For planning, construction and operation of the facility.

9/1/2010
DATE

Robert Day
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

December 7, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Inteplast Group, Ltd., project on the number and size of school facilities in Industrial Independent School District (IISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the IISD superintendent, Mr. Tony Williams, the TEA has found that the Inteplast Group, Ltd., project would not have a significant impact on the number or size of school facilities in IISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

December 7, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Inteplast Group, Ltd., project for the Industrial Independent School District (IISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Inteplast Group, Ltd., project on IISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
INTEPLAST GROUP, LTD. PROJECT ON THE FINANCES OF THE
INDUSTRIAL INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

October 19, 2010

Final Report

PREPARED BY



Estimated Impact of the Proposed Inteplast Group, Ltd. Project on the Finances of the Industrial Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Inteplast Group, Ltd. (Inteplast) has requested that the Industrial Independent School District (IISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new polypropylene film plant. An application was submitted to IISD on September 15, 2010. Inteplast proposes to invest \$130 million to construct the new manufacturing project in IISD.

The Inteplast project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, IISD may offer a minimum value limitation of \$30 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full taxable value of the investment is expected to reach \$86 million in 2013-14, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with IISD currently levying a \$0.3325 interest and sinking fund (I&S) tax rate, although the District's current debt obligations will be reduced in 2013-14 and retired by the 2016-17 school year.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Inteplast indicates that \$75.5 million in taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at \$30 million or, if applicable, a higher value limitation amount approved by the IISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional four cents of tax effort that a district may levy above the compressed \$1.00 M&O tax rate without voter approval are subject to an enriched level of equalization (or no recapture in the case of a Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue per WADA from HB 1, which is expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system. Based on the estimates presented below, IISD is expected to remain a \$120 per WADA “hold-harmless” district for the foreseeable future.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Inteplast project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use

of a multi-year forecasting model. The Chapter 313 application now requires 15 years of data and analysis on a project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. Student enrollment counts are held constant at 1,040 students in average daily attendance (ADA) in analyzing the effects of the Inteplast project on the finances of IISD. The District's local tax base reached \$516.2 million for the 2010 tax year. This underlying value is maintained for the forecast period in order to isolate the effects of the property value limitation. IISD is a moderate-wealth district, with wealth per WADA of approximately \$337,621 expected for the 2011-12 school year. An M&O tax rate of \$1.04 is used throughout this analysis. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for IISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Original Revenue" by adding the value of the proposed Inteplast facility to the model, but without assuming that a value limitation is approved. The results of this model are shown in Table 2.

A third model is developed which adds the Inteplast project value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as "New (Value Limitation) Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3).

A summary of the differences between these models is shown in Table 4. The model results show approximately \$9.0 million a year in net General Fund revenue.

Under these assumptions, IISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-\$37,067). The revenue reduction results from the mechanics of the four cents equalized to the Austin ISD yield, which reflect the one-year lag in value associated with the property value study. It appears that little or no differences persist between the two models over the course of the agreement beyond the third year.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. This methodology has been incorporated into these estimates and the typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation.

In the case of IISD, the calculated lower reduction in the state property value study relative to the M&O benefit to be received by the taxpayer does not appear to be significant. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$3.6 million over the life of the agreement. In addition, Inteplast would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10. The tax credits are expected to total approximately \$0.5 million over the life of the agreement, with the school district to be reimbursed by the state for the tax credit payments. The key IISD revenue losses are associated with the additional four-percent levy above the \$1.00 compressed M&O tax rate that is equalized to a high wealth level and expected to total approximately -\$42,722 over the course of the agreement. In total, the potential net tax benefits are estimated to total \$4.0 million over the life of the agreement.

Facilities Funding Impact

The Inteplast project remains fully taxable for debt services taxes, with IISD currently levying a \$0.3325 I&S rate. The value of the Inteplast project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected tax base. The additional value is expected to help reduce the District's current I&S tax rate, although the District's existing debt is expected to be retired by the 2016-17 school year. The project adds approximately 15 percent to the District's tax base for I&S purposes.

The Inteplast project is not expected to affect IISD in terms of enrollment. While approximately 100 new employees are expected once the new plant commences operations, discussions with District officials indicate a current lack of housing supply in the area is expected to minimize the impact of the project on enrollment.

Conclusion

The proposed Inteplast polypropylene film project enhances the tax base of IISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$4.0 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of IISD in meeting its future debt service obligations.

Table 1 – Base District Information with Inteplast Group, Ltd. Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2011-12	1,039.76	1,556.88	\$1.0400	\$0.3325	\$516,178,414	\$516,178,414	\$525,637,028	\$525,637,028	\$337,621	\$337,621
2	2012-13	1,039.76	1,556.88	\$1.0400	\$0.2895	\$591,666,294	\$591,666,294	\$525,637,028	\$525,637,028	\$337,621	\$337,621
3	2013-14	1,039.76	1,556.88	\$1.0400	\$0.0950	\$602,264,583	\$546,178,414	\$601,124,908	\$601,124,908	\$386,108	\$386,108
4	2014-15	1,039.76	1,556.88	\$1.0400	\$0.0950	\$599,598,604	\$546,178,414	\$611,723,197	\$560,331,465	\$392,915	\$359,906
5	2015-16	1,039.76	1,556.88	\$1.0400	\$0.0950	\$594,423,812	\$546,178,414	\$609,057,218	\$560,108,321	\$391,203	\$359,763
6	2016-17	1,039.76	1,556.88	\$1.0400	\$0.0950	\$588,603,069	\$546,178,414	\$603,882,426	\$559,675,189	\$387,879	\$359,484
7	2017-18	1,039.76	1,556.88	\$1.0400	\$0.0000	\$587,174,816	\$546,178,414	\$598,061,683	\$559,187,990	\$384,140	\$359,172
8	2018-19	1,039.76	1,556.88	\$1.0400	\$0.0000	\$585,467,849	\$546,178,414	\$596,633,430	\$555,637,028	\$383,223	\$356,891
9	2019-20	1,039.76	1,556.88	\$1.0400	\$0.0000	\$581,076,445	\$546,178,414	\$594,926,463	\$555,637,028	\$382,127	\$356,891
10	2020-21	1,039.76	1,556.88	\$1.0400	\$0.0000	\$576,034,713	\$546,178,414	\$590,535,059	\$555,637,028	\$379,306	\$356,891
11	2021-22	1,039.76	1,556.88	\$1.0400	\$0.0000	\$570,594,509	\$570,594,509	\$585,493,327	\$555,637,028	\$376,068	\$356,891
12	2022-23	1,039.76	1,556.88	\$1.0400	\$0.0000	\$566,005,488	\$566,005,488	\$580,053,123	\$580,053,123	\$372,573	\$372,573
13	2023-24	1,039.76	1,556.88	\$1.0400	\$0.0000	\$560,748,761	\$560,748,761	\$575,464,102	\$575,464,102	\$369,626	\$369,626
14	2024-25	1,039.76	1,556.88	\$1.0400	\$0.0000	\$555,777,427	\$555,777,427	\$570,207,375	\$570,207,375	\$366,249	\$366,249
15	2025-26	1,039.76	1,556.88	\$1.0400	\$0.0000	\$551,838,787	\$551,838,787	\$565,236,041	\$565,236,041	\$363,056	\$363,056

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

Table 2– “Original Revenue Model”--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$5,069,626	\$2,605,056	\$976,412	\$0	\$0	\$216,265	\$167,875	\$0	\$9,035,234
2	2012-13	\$5,809,478	\$2,605,056	\$236,560	\$0	\$0	\$247,826	\$192,375	\$0	\$9,091,295
3	2013-14	\$5,934,975	\$1,852,852	\$864,017	\$0	\$0	\$253,180	\$140,057	\$0	\$9,045,080
4	2014-15	\$5,908,382	\$1,747,140	\$996,322	\$0	\$0	\$252,045	\$132,647	\$0	\$9,036,536
5	2015-16	\$5,856,767	\$1,773,732	\$1,021,345	\$0	\$0	\$249,843	\$133,157	\$0	\$9,034,845
6	2016-17	\$5,798,708	\$1,825,348	\$1,027,788	\$0	\$0	\$247,367	\$135,087	\$0	\$9,034,297
7	2017-18	\$5,791,148	\$1,883,407	\$977,289	\$0	\$0	\$247,044	\$138,628	\$0	\$9,037,516
8	2018-19	\$5,774,122	\$1,897,653	\$980,069	\$0	\$0	\$246,318	\$139,141	\$0	\$9,037,303
9	2019-20	\$5,730,321	\$1,914,679	\$1,006,844	\$0	\$0	\$244,449	\$139,183	\$0	\$9,035,476
10	2020-21	\$5,680,032	\$1,958,481	\$1,013,331	\$0	\$0	\$242,304	\$140,790	\$0	\$9,034,937
11	2021-22	\$5,620,898	\$2,008,770	\$1,022,176	\$0	\$0	\$239,781	\$142,588	\$0	\$9,034,214
12	2022-23	\$5,576,040	\$2,063,033	\$1,012,771	\$0	\$0	\$237,868	\$145,008	\$0	\$9,034,720
13	2023-24	\$5,524,655	\$2,108,806	\$1,018,383	\$0	\$0	\$235,676	\$146,697	\$0	\$9,034,216
14	2024-25	\$5,476,061	\$2,161,239	\$1,014,544	\$0	\$0	\$233,603	\$148,901	\$0	\$9,034,347
15	2025-26	\$5,437,560	\$2,210,826	\$1,003,458	\$0	\$0	\$231,960	\$151,194	\$0	\$9,034,998

Table 3-- "New (Value Limitation) Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$5,069,626	\$2,605,056	\$976,412	\$0	\$0	\$216,265	\$167,875	\$0	\$9,035,234
2	2012-13	\$5,809,478	\$2,605,056	\$236,560	\$0	\$0	\$247,826	\$192,375	\$0	\$9,091,295
3	2013-14	\$5,375,543	\$1,852,852	\$1,423,449	\$0	\$0	\$229,315	\$126,855	\$0	\$9,008,014
4	2014-15	\$5,375,543	\$2,259,747	\$1,016,554	\$0	\$0	\$229,315	\$152,785	\$0	\$9,033,944
5	2015-16	\$5,375,543	\$2,261,972	\$1,014,329	\$0	\$0	\$229,315	\$152,937	\$0	\$9,034,096
6	2016-17	\$5,375,543	\$2,266,293	\$1,010,008	\$0	\$0	\$229,315	\$153,233	\$0	\$9,034,392
7	2017-18	\$5,382,230	\$2,271,152	\$998,462	\$0	\$0	\$229,600	\$153,758	\$0	\$9,035,202
8	2018-19	\$5,382,230	\$2,306,571	\$963,043	\$0	\$0	\$229,600	\$156,208	\$0	\$9,037,651
9	2019-20	\$5,382,230	\$2,306,571	\$963,043	\$0	\$0	\$229,600	\$156,208	\$0	\$9,037,651
10	2020-21	\$5,382,230	\$2,306,571	\$963,043	\$0	\$0	\$229,600	\$156,208	\$0	\$9,037,651
11	2021-22	\$5,620,898	\$2,306,571	\$724,375	\$0	\$0	\$239,781	\$163,134	\$0	\$9,054,760
12	2022-23	\$5,576,040	\$2,063,033	\$1,012,771	\$0	\$0	\$237,868	\$145,008	\$0	\$9,034,720
13	2023-24	\$5,524,655	\$2,108,806	\$1,018,383	\$0	\$0	\$235,676	\$146,697	\$0	\$9,034,216
14	2024-25	\$5,476,061	\$2,161,239	\$1,014,544	\$0	\$0	\$233,603	\$148,901	\$0	\$9,034,347
15	2025-26	\$5,437,560	\$2,210,826	\$1,003,458	\$0	\$0	\$231,960	\$151,194	\$0	\$9,034,998

Table 4 -- Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2013-14	\$559,431	\$0	\$559,431	\$0	\$0	\$23,865	\$18,202	\$0	\$37,067
4	2014-15	-\$532,839	\$512,607	\$20,232	\$0	\$0	-\$22,730	\$20,138	\$0	-\$2,592
5	2015-16	\$481,224	\$488,240	\$7,016	\$0	\$0	\$20,528	\$19,780	\$0	\$748
6	2016-17	-\$423,164	\$440,945	-\$17,781	\$0	\$0	-\$18,052	\$18,146	\$0	\$95
7	2017-18	\$408,918	\$387,745	\$21,173	\$0	\$0	\$17,444	\$15,129	\$0	\$2,315
8	2018-19	-\$391,892	\$408,918	-\$17,026	\$0	\$0	-\$16,718	\$17,066	\$0	\$349
9	2019-20	\$348,091	\$391,892	\$43,801	\$0	\$0	\$14,849	\$17,024	\$0	\$2,175
10	2020-21	-\$297,802	\$348,090	-\$50,288	\$0	\$0	-\$12,704	\$15,418	\$0	\$2,714
11	2021-22	\$0	\$297,801	-\$297,801	\$0	\$0	\$0	\$20,546	\$0	\$20,546
12	2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the Inteplast Group, Ltd. Project Property Value Limitation Request
Submitted to IISD at \$1.04 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$75,487,880	\$75,487,880	\$0	\$785,074	\$785,074	\$0	\$0	\$0	\$0	\$0
3	2013-14	\$86,086,169	\$30,000,000	\$56,086,169	\$895,296	\$312,000	\$583,296	\$0	\$583,296	\$37,067	\$546,230
4	2014-15	\$83,420,190	\$30,000,000	\$53,420,190	\$867,570	\$312,000	\$555,570	\$67,582	\$623,152	-\$2,592	\$620,560
5	2015-16	\$78,245,398	\$30,000,000	\$48,245,398	\$813,752	\$312,000	\$501,752	\$67,582	\$569,334	\$748	\$568,586
6	2016-17	\$72,424,655	\$30,000,000	\$42,424,655	\$753,216	\$312,000	\$441,216	\$67,582	\$508,798	\$0	\$508,798
7	2017-18	\$70,996,402	\$30,000,000	\$40,996,402	\$738,363	\$312,000	\$426,363	\$67,582	\$493,945	\$2,315	\$491,630
8	2018-19	\$69,289,435	\$30,000,000	\$39,289,435	\$720,610	\$312,000	\$408,610	\$67,582	\$476,192	\$0	\$476,192
9	2019-20	\$64,898,031	\$30,000,000	\$34,898,031	\$674,940	\$312,000	\$362,940	\$67,582	\$430,522	\$0	\$430,522
10	2020-21	\$59,856,299	\$30,000,000	\$29,856,299	\$622,506	\$312,000	\$310,506	\$67,582	\$378,088	\$0	\$378,088
11	2021-22	\$54,416,095	\$54,416,095	\$0	\$565,927	\$565,927	\$0	\$0	\$0	\$0	\$0
12	2022-23	\$49,827,074	\$49,827,074	\$0	\$518,202	\$518,202	\$0	\$0	\$0	\$0	\$0
13	2023-24	\$44,570,347	\$44,570,347	\$0	\$463,532	\$463,532	\$0	\$0	\$0	\$0	\$0
14	2024-25	\$39,599,013	\$39,599,013	\$0	\$411,830	\$411,830	\$0	\$0	\$0	\$0	\$0
15	2025-26	\$35,660,373	\$35,660,373	\$0	\$370,868	\$370,868	\$0	\$0	\$0	\$0	\$0
					\$9,201,685	\$5,611,432	\$3,590,252	\$473,074	\$4,063,326	-\$42,722	\$4,020,605
Tax Credit for Value Over Limit in First 2 Years						Year 1	Year 2	Max Credits			
						\$0	\$473,074	\$473,074			
						Credits Earned		\$473,074			
						Credits Paid		\$473,074			
						Excess Credits Unpaid		\$0			

Attachment 3

Jackson County

Population

Total county population in 2009 for Jackson County: 14,274 , up 1.2 percent from 2008. State population increased 2.0 percent in the same time period. Jackson County was the state's 140th largest county in population in 2009 and the 78th fastest growing county from 2008 to 2009. Jackson County's population in 2009 was 62.2 percent Anglo (above the state average of 46.7 percent), 7.3 percent African-American (below the state average of 11.3 percent) and 29.0 percent Hispanic (below the state average of 36.9 percent).

2009 population of the largest cities and places in Jackson County:

Edna:	5,845	Ganado:	1,847
La Ward:	196		

Economy and Income

Employment

September 2010 total employment in Jackson County: 6,518, up 2.2 percent from September 2009. State total employment increased 1.2 percent during the same period.

September 2010 Jackson County unemployment rate: 7.1 percent, down from 7.9 percent in September 2009. The statewide unemployment rate for September 2010 was 8.1 percent, unchanged from 8.1 percent in September 2009.

September 2010 unemployment rate in the city of: NA

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

Jackson County's ranking in per capita personal income in 2008: 155th with an average per capita income of \$29,875, up 4.0 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Jackson County averaged \$74.88 million annually from 2006 to 2009. County total agricultural values in 2009 were down 43.4 percent from 2008. Major agriculture related commodities in Jackson County during 2009 included:

Aquaculture	Sorghum	Rice	Corn	Other Beef
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2010 oil and gas production in Jackson County: 376,781.0 barrels of oil and 8.5 million Mcf of gas. In September 2010, there were 225 producing oil wells and 177 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January 2010 through March 2010)

Taxable sales in Jackson County during the first quarter 2010: \$23.74 million, down 6.4 percent from the same quarter in 2009.

Taxable sales during the first quarter 2010 in the city of:

Edna:	\$12.03 million, down 14.2 percent from the same quarter in 2009.
Ganado:	\$3.49 million, down 15.9 percent from the same quarter in 2009.
La Ward:	\$350,710.00, down 51.5 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Jackson County during 2009: \$94.33 million, down 16.8 percent from 2008.

Jackson County sent an estimated \$5.90 million (or 0.04 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Edna:	\$50.50 million, down 13.4 percent from 2008.
Ganado:	\$15.49 million, down 9.0 percent from 2008.
La Ward:	\$2.00 million, down 55.6 percent from 2008.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of September 2010: \$541.48 million, up 8.1 percent from September 2009.

Payments to all cities in Jackson County based on the sales activity month of September 2010: \$111,626.35, up 1.3 percent from September 2009. Payment based on the sales activity month of September 2010 to the city of:

Edna:	\$85,367.64, down 0.1 percent from September 2009.
Ganado:	\$25,499.97, up 6.2 percent from September 2009.
La Ward:	\$758.74, up 14.8 percent from September 2009.

Annual (2009)

Statewide payments based on sales activity months in 2009: \$5.59 billion, down 7.3 percent from 2008.

Payments to all cities in Jackson County based on sales activity months in 2009: \$1.40 million, down 12.3 percent from 2008.

Payment based on sales activity months in 2009 to the city of:

Edna:	\$938,387.93, down 13.1 percent from 2008.
Ganado:	\$281,617.88, down 9.6 percent from 2008.
La Ward:	\$6,122.56, down 20.9 percent from 2008.

Property Tax

As of January 2008, property values in Jackson County: \$1.95 billion, up 16.8 percent from January 2007 values. The property tax base per person in Jackson County is \$138,001, above the statewide average of \$85,992. About 17.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Jackson County's ranking in state expenditures by county in fiscal year 2009: 149th. State expenditures in the county for FY2009: \$47.50 million, up 19.1 percent from FY2008.

In Jackson County, 6 state agencies provide a total of 40 jobs and \$370,924.00 in annualized wages (as of 1st quarter 2010).

Major state agencies in the county (as of first quarter 2010):

- Department of Transportation
- Parks & Wildlife Department
- Department of Public Safety
- Health & Human Services Commission
- AgriLife Extension Service

Higher Education

Community colleges in Jackson County fall 2009 enrollment:

None.

Jackson County is in the service area of the following:

Victoria College with a fall 2009 enrollment of 4,032. Counties in the service area include:

- Calhoun County
- DeWitt County
- Gonzales County
- Jackson County
- Lavaca County
- Refugio County
- Victoria County

Wharton County Junior College with a fall 2009 enrollment of 6,622. Counties in the service area include:

- Austin County
- Colorado County
- Fort Bend County
- Jackson County
- Matagorda County
- Wharton County

Institutions of higher education in Jackson County fall 2009 enrollment:

None.

School Districts

Jackson County had 3 school districts with 10 schools and 3,238 students in the 2008-09 school year.

(Statewide, the average teacher salary in school year 2008-09 was \$47,158. The percentage of students, statewide, meeting the 2009 TAKS passing standard for all 2008-09 TAKS tests was 74 percent.)

Edna ISD had 1,489 students in the 2008-09 school year. The average teacher salary was \$42,114. The percentage of students meeting the 2009 TAKS passing standard for all tests was 69 percent.

Ganado ISD had 653 students in the 2008-09 school year. The average teacher salary was \$42,972. The percentage of students meeting the 2009 TAKS passing standard for all tests was 77 percent.

Industrial ISD had 1,096 students in the 2008-09 school year. The average teacher salary was \$43,514. The percentage of students meeting the 2009 TAKS passing standard for all tests was 85 percent.